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SENSITIVE

USAID FOR LAC
STATE FOR EUR/WE AND EB/IRAQ

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TAGS: [EAID](#) [PINR](#) [PGOV](#) [IZ](#) [SP](#)

SUBJECT: NEW SPANISH GOVERNMENT TO INCREASE AID

1. This report is sensitive but unclassified and is not for Internet distribution.

2. (U) In an initial courtesy call on new Secretary General for the Spanish International Aid Agency (AECI) Juan Pablo de Laiglesia, de Laiglesia laid out the new Socialist government's vision for Spanish aid policy. Top on the Administration's list is increasing aid funding from the current level of 0.24% of GDP. The GOS hopes to reach 0.3% of GDP by 2005, 0.5% by 2008 and finally 0.7 - the EU's goal - by 2012. AECI hopes to increase its share of total GOS aid from the current 17% to 25%. While the Administration plans to continue Spain's traditional focus on the Latin American and Mediterranean regions, de Laiglesia told us that additional funding will be directed toward Africa as well as "horizontal" (cross-cutting) issues such as health and support for microbusinesses. De Laiglesia also mentioned that AECI will support Brazilian President da Silva's anti-hunger initiative.

3. (U) AECI leadership plans to restructure the agency to meet its new goals. Specifically, de Laiglesia mentioned streamlining and professionalizing AECI staff, strengthening offices working on horizontal issues, and improving the agency's ability to monitor and evaluate projects. He also referred to two objectives laid out by the new State Secretary for Cooperation, Leire Pajin - to integrate aid

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policy into traditional foreign policy priorities (Note: the Zapatero government changed the MFA's name to the Ministry of Foreign Affairs and Cooperation) and to reduce tied aid.

IRAQ

4. (U) EconCouns told de Laiglesia we were pleased to see that the new Administration has promised to carry through on the pledge Spain made at last October's Iraq Donors' Conference. De Laiglesia confirmed that is the case, but added that factors on the ground in Iraq will determine how much funding can actually be disbursed in the short-term. He specifically mentioned the need for a "sovereign government" to which concessional credits for reconstruction can be issued and the difficult security situation that has led to suspension of certain AECI actions in Iraq, particularly around Diwaniya. He confirmed that Spain's mix of assistance (credits, humanitarian aid, reconstruction funding, etc.) can be modified if on-the-ground conditions require.

LATIN AMERICA

5. (U) Finally, de Laiglesia confirmed AECI's interest in coordinating with USAID at both agency and mission levels on projects and actions in Latin America.

COMMENT

6. (U) Under the previous Administration, AECI and USAID's LAC bureau held periodic consultations on aid to Latin America. Embassy stands ready to facilitate USAID dialogue with the new AECI leadership.

BIO NOTE

7. (SBU) De Laiglesia is a career diplomat. He served as Spain's Ambassador to Mexico from 1995-1997 and Ambassador to Poland from 1997-2001. Most recently, he was Special Envoy for Coastal Issues. We anticipate he will play a significant role on aid issues, since the head of the AECI, Leire Pajin, is a career Socialist politician who has never served in government.

MANZANARES